MEMORANDUM FOR: [redacted] Foreign Policy

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[redacted] attached the piece mentioned in 9/10 staff mtg.

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hold 2, circulate again w/ OSR critique.

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Date 9/11/79.

FORM 5-75 101 USE PREVIOUS EDITIONS

...n is not likely to pressure Taiwan ...ds of the Communists. Taiwan ... have many supporters in the ...ress, and any attempts by the ad... to pressure Taiwan are bound to ...ng opposition on Capitol Hill. ...e, the experience of Vietnam will ...United States cautious about forc... ...ions of a divided country to come ...particularly when one part of the ...under communist rule.

...has no choice but to court its most ... province with concessions and ...f friendship that could lure Tai... negotiating table and perhaps into ...of relationship. These will include ...ch as Peking's reported decision to ...to holders of Taiwan passports, a ...gnition of Taiwan's sovereignty. ...n will continue to reject such over... ...er foreign correspondents in Peking ...in placing long-distance telephone ...ipei via Tokyo. Taiwan contacted ...unications agencies around the ...d asked them not to put through ...from the mainland. The National... ...obably remain cool to Chinese offers ...they believe that they stand to lose ...than they stand to gain in the process of ...tion. However, Taiwan will not re... ...ed. Recently it has been more willing ...the past to allow its citizens to mix ...se from the mainland in forums out... ...wan. But Taiwan is, in short, wait... ...China to catch up.

...will probably take a long time. If ...reverts to Maoist radicalism, the ...of peaceful reunification would, for ...seable future, disappear. But China's ...course is pointed in the right direc... ...Peking keeps to it—setting up export ...ing zones, permitting market forces to ...more important role, refraining from ...tive political movements, exploring the ...ities for economic, cultural, and polit... ...tact with Taiwan—it is possible that ...Taiwan might voluntarily decide to ...to the embrace of the motherland.

FOOLISH INTELLIGENCE

by Robert F. Ellsworth and Kenneth L. Adelman

The intelligence community should brace itself for a new wave of castigation that widens its past sea of woes. The looming storm will arise from accusations that it inadequately warned the United States of Soviet military capabilities and technological breakthroughs during the 1970s and early 1980s. These inevitable accusations, originating from the center-right, will diffuse throughout the body politic and will focus on the competence of American intelligence analysis. For the Central Intelligence Agency elite—those in the Operations Directorate—has catered for years to America's foreign policy establishment view that the biggest game in town is at least collaboration and at most condominium with Russia. This has led to a process of discounting data that portray the Soviet Union as a genuine threat rather than as a potential partner.

Past hubris has brought on present nemesis. The CIA's (and military intelligence's) attempts at political assassinations, covert shenanigans, illegal spying on American citizens, and free-wheeling operations have reaped their reprisals. The now receding accusations, originating from the center-left, focused on these intelligence excesses. As a result, the reins of the covert operators were pulled in, as the five-year-old investigations and presidential Executive Orders scaled down the CIA's activities.

The limitations were perhaps overdue, though the fanfare was overblown. The CIA was never as nefarious as strident critics con-

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tend, and few of its members indulged in offensive deportment. Even if every official investigated for illegal practices were found guilty, the culprits would still add up to a tiny percentage of all intelligence personnel. Executive and congressional investigators have highlighted the sensational at the expense of the more significant.

President Carter aimed at the right target—inadequate performance rather than overzealousness—on Armistice Day 1978, when he fired off a handwritten memo to his top security advisers. It opened pungently, "I am not satisfied with the quality of political intelligence." The president was justifiably distraught by the crumbling of the shah's reign in Iran. He resented that American intelligence officers, long stationed in Tehran, had failed to tell him what General Ludendorff told the kaiser after a brief visit with the Austrian army on the eve of World War I: "We are allied to a corpse."

The much touted intelligence failure in Iran was due to a massive failure of imagination. Similar human frailty led the British ambassador in Berlin, two days before the onset of World War I, to report that war was out of the question. The syndrome also afflicted American leaders on the eve of Pearl Harbor, Stalin at the outset of Operation Barbarossa (Hitler's 1941 invasion of Russia), and the Israelis immediately before the 1973 Yom Kippur war—the three most celebrated intelligence failures of recent times.

But no such failure of imagination can account for staggering CIA errors, compounded over 15 years, in estimating Soviet forces and intentions in strategic weaponry and overall military effort. Beginning in the 1960s, the CIA embarked upon a consistent underestimation of the Soviet ICBM build-up, missing the mark by wide margins; its estimates became progressively worse, on the low side. In the mid-1970s the intelligence community underestimated the scale and effectiveness of the Soviets' multiple independently targetable reentry vehicle (MIRV) programs. Even more important, Soviet war-

head accuracies that have already been achieved—and that have equaled U.S. accuracies—had been estimated by American intelligence to be unattainable by Moscow before the mid-1980s.

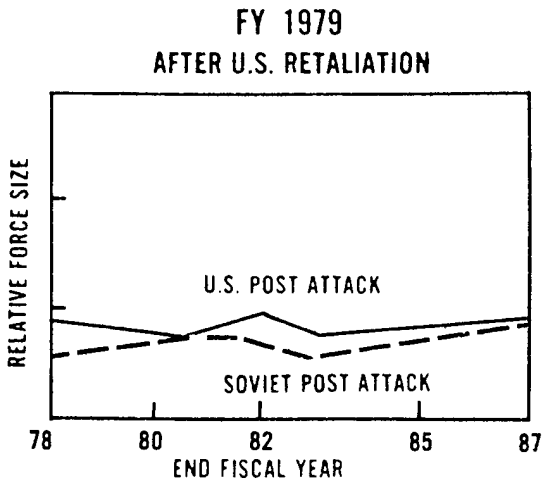
U.S. intelligence also committed a gross error by underestimating the overall Soviet military effort. In 1976 the CIA suddenly and retroactively doubled the percentage of gross national product it figured the Soviets had been and were devoting to defense—from between 5 and 7 per cent (only slightly higher than the U.S. level) to between 11 and 13 per cent (up to nearly three times the U.S. level). Such flawed CIA estimates helped form national security policy for the past 15 years. In the mid-1960s the United States began its decade-long strategic stall, basically abjuring new strategic initiatives. It was then that Secretary of Defense Robert McNamara informed the public that "the Soviets have decided that they have lost the quantitative" strategic arms race and "are not seeking to engage us in that contest." Lest the point be missed, he added, "There is no indication that the Soviets are seeking to develop a strategic nuclear force as large as ours."

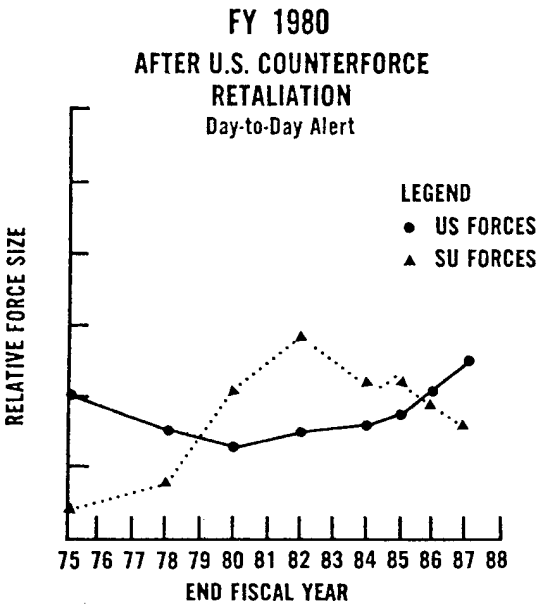
Legacy of Failures

The same American errors in anticipating the Soviet strategic build-up linger on. The latest flaws can be gleaned simply by comparing a series of charts measuring the superpowers' relative strategic capabilities. The charts published in the fiscal year 1980 annual report by the secretary of defense, when compared to those of last year, show a worsening forecast of the strategic situation in the early 1980s. Instead of enjoying an edge over the Soviets, as predicted only last year, it now seems the United States will be substantially inferior until about 1986, one year after the scheduled expiration of SALT II. This means the United States will be negotiating SALT III from a weak position.

The change in estimates between 1978 and 1979 is not due to American revisions of force posture. Rather, the changes in the

charts reflect 1979's correction of 1978's underestimation of the drive and momentum of Soviet strategic improvements. Specifically, U.S. intelligence last year did not imagine the scope of recent Soviet improvements in fractionization or number of warheads per missile, accuracy (which gave them a 180 per cent improvement over the current generation of Soviet intercontinental ballistic missiles), and overall force reliability (the percentage of times their missiles launch when triggered). Also, estimates of Soviet Backfire bomber production rates had been too low.





The same problem has dogged U.S. intelligence at the regional level. Defense Secretary Harold Brown informed the Congress last February that the Soviets' "ability to move their forces speedily into position for an attack" in Europe was "estimated to be greater" than was thought a year ago. At about the same time, the intelligence community found its previous estimates of North Korea's military might palpably low. Therefore, the CIA and others suddenly had to boost their estimates of Pyongyang's ground forces by some 25 per cent, even though U.S. estimates of the North's tanks had previously been increased by nearly one-third. Again, nothing much had actually occurred on that volatile peninsula: North Korea's military build-up has been boringly steady since 1970-1971. But U.S. intelligence failed to note that North Korea had amassed the fifth largest ground army in the world. Today major conflict involving the United States may be more likely there than anywhere else.

This string of recent intelligence estimates on the low side disproves a recurrent notion within liberal circles that the Pentagon and the CIA are in cahoots to overestimate the Russians for their own budgetary and ideological motivations. The fact that the legacy of such failures reaches back over 15 years and four presidents likewise disproves a recurrent notion within conservative circles that the recent underestimates of Soviet power can be ascribed solely to the Carter administration's infatuation with arms control.

The real source of the problem lies deeper, within the bowels of the intelligence bureaucracy itself. American intelligence has long been stultified by the domination of a clique. The CIA has suffered from an encrustation of leadership as its directors over virtually all of its history have been linked—by shared experience, psychological inclination, and profession—to the CIA's Operations Directorate (which is responsible for covert activities). This link began under William Donovan in the World War II Office of Strategic Services and was carried forward

by CIA Director Allen Dulles, who came out of World War II thrilled by his covert operational successes in Switzerland. His brother, Secretary of State John Foster Dulles, according to former CIA official Kermit Roosevelt, was "licking his chops" to rerun the dazzling covert operation in Iran (which had in 1953 reinstalled the shah) in sundry spots scattered throughout the Third World.

Firestorm of Criticism

The Operations Directorate reigned supreme even after the Dulles era: Two-thirds of the highest CIA executive positions were filled by officers whose careers had blossomed in covert activities, and for years after the Dulleses departed, the covert side still consumed more than half the agency budget. The clandestine clan planned and executed the reckless Bay of Pigs invasion while keeping intelligence analysts in the dark. President Kennedy was thus denied the opportunity for a detached evaluation of the scheme. Covert operations are spectacular when they succeed but hideous when they do not; the Bay of Pigs did not, as intelligence analysts could have forecast had they been given a chance. In another show of strength, the Directorate handled much of the CIA's liaison with State, Defense, and other key agencies until the mid-1970s, thus spreading its own perspective beyond CIA headquarters.

Admiral Stansfield Turner, the current director of central intelligence, has weathered a firestorm of criticism for "gutting American intelligence." In fact, he has simply accelerated the task begun under predecessors James Schlesinger, William Colby, and George Bush to pare down the overstaffed but powerful Operations Directorate. The CIA is not synonymous with the Operations Directorate, though the Directorate's partisans contend otherwise. Turner has taken care not to stack the top with old clandestine hands. Just the opposite, in fact, since he is surrounded by individuals who generally lack experience as national intelligence producers or users.

Though Turner has trimmed Operations' sails, he has yet to launch a successful program to boost the capabilities of the National Foreign Assessment Center, the agency's analysis side. In the past, it has focused far too much on current intelligence and has been content with a lack of professionalism on the part of country and regional specialists. This became clear in the early 1970s after the National Security Council ordered the CIA to address an age-old topic: Yugoslavia after Tito. The report was more superficial than those written in German and Swiss daily newspapers. It turned out that the agency analysts who wrote it averaged less than two years' experience with the country and had not tapped outside expertise.

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Nor does Turner have control over all the actions of the Operations crew. Two years ago, for instance, the leadership of the analytic branch of the CIA realized that it could not achieve from within the needed upgrading in breadth of expertise and perspective on world affairs. They sought to find a way to gain access to the best minds in the nation for help in analyzing intelligence information. A strategy was developed to find and focus the talents of people from academia, business, private research groups, and others to assist the agency and to be available as a resource for selected agency analysts on momentous matters.

But the effort was soon sabotaged by those inside the agency who stood to lose most—the Operations crew and their alumni within the administration, the inspectorate general, and current intelligence reporting offices. They recognized that outside help, however well intentioned in trying to build up rather than tear down the intelligence capability, would weaken their hold by forcing other opinions to be considered or even incorpo-

rated. Better, they figured, to nip the budding threat. So they objected to the outsiders' access to classified material and charged financial falsification of government accounts and sloppy management of specific projects. Those standing accused heard the abounding innuendos but were not permitted to see the specific allegations. Yet a protracted struggle ensued until those organizing the new initiative were worn down, and it was abandoned.

Poor Preconceptions

Intelligence forecasts for Iran were also victims of this infighting. At the close of 1978, a congressional intelligence committee requested a full briefing on the situation in Iran. The CIA responded by sending its Operations—not its Analysis—people who, of course, testified from their own limited perspective. They lacked the imagination to see that a massive, popular counterrevolution had been launched against the shah's modernization revolution. These covert officers had treasures within Iran, not only the shah on the Peacock Throne, but also the now-famous listening posts on the Soviet border. These men swayed the entire intelligence community to report that the shah's opponents were numerically insignificant and politically impotent.

The prominence of cloak-and-dagger traditionalists casts a shadow beyond slanted country or regional reports. Their supremacy affects strategic issues and can be related to the dangerous underestimation of the Soviet military build-up. As a group, these members of the CIA have long subscribed to an essentially optimistic world view. First, they assumed that smooth superpower relations are critical to America's survival and welfare, and that the United States and the Soviet Union are winding their way toward a modicum of cooperation, if not collaboration. They felt their vocation was to work out the rules of the global game for the new era. Dedication to this vocation led to projection of similar purposes upon the essential partner—the Soviet Union—even if that projection also led

to screening out data that clearly suggested another vision of the future.

Second, they assumed that the Third World lacks the wit and wherewithal to influence decisively the great game of world politics. They cherished the developing world as a playground for covert operations, not as a participant in world affairs worthy of serious and sustained analysis. Thus, the CIA displayed a shocking failure of imagination in 1973 when it explicitly discounted the Yom Kippur war (although the head of the State Department's Bureau of Intelligence and Research wrote in April 1973 that war was highly likely there before the year's end), the Arab oil embargo, and the oil price hike.

The Operationists' preconceptions are widely shared among academics, journalists, and even government officials. Yet in Langley these preconceptions have screened out data that, if properly quested and digested, should have prevented strategic intelligence failures. Such perspectives have pervaded U.S. strategic behavior over the past 15 years and helped ease the Soviet Union into a relatively more assertive role on the world stage. This is a risky trend, one that has increased the possibility of superpower confrontation. It could be fostered by Soviet cockiness over what Moscow perceives to be strategic and historic imperatives flowing as much from U.S. permissiveness as from Soviet military prowess.

The United States desperately needs to know not just what the Soviets have done or are doing, but what they will be doing years from now. Most weapons systems take somewhere between two and 12 years to research and develop and have a lifespan of five to 20 years. Thus, today's defense planning must be based on estimates of a far tomorrow's adversary capabilities. Even if future arms control agreements hold down or reduce weapons more effectively than SALT I and II, the United States will nonetheless have to anticipate the trends in weapons development allowed under their terms.

To do so, the traditional intelligence-gathering methods must yield to the advanced

technique of signals intelligence (SIGINT). Historically, human espionage has reaped bountiful harvests for world powers, radiating an image of might and beauty—the British Empire between 1815 and the close of the nineteenth century, and the United States between World War II and the Kennedy assassination. But such luster has now dimmed. Besides, human espionage is of limited value in trying to penetrate a closed, compartmentalized society like the Soviet Union. It can occasionally confirm data, but can rarely furnish reliable original information.

Answering the Unanswerable

The deficiencies of human espionage must be compensated for by SIGINT, which can best help the United States learn and predict what the Soviets are up to in terms of weapons research and development. This was potently demonstrated by the furor over the loss of two listening posts in northern Iran by which the United States learned the results of Soviet missile tests. Turner publicly bristled over their loss, particularly since the green-eyeshade types in the Office of Management and Budget (OMB) had made savage cuts last December in funds for SIGINT in favor of other intelligence accounts. Espionage received its fair share, but OMB lavished funds upon today's most enchanting intelligence technique—photographic equipment.

OMB's error was grave and was made all the riskier by the fact that the U.S. technological superiority in weaponry is swiftly fading. The U.S. Navy was agape last May, for instance, when the Soviets launched a nuclear-powered submarine that steams faster (40 knots) and dives deeper (more than 2,000 feet) than anything the United States has.

Such tremors constitute an early warning signal of sliding American technological supremacy. For the Soviet Union is charging ahead both in terms of military production (it now spends three times as much as the United States on strategic forces and one-third more on general purpose forces) and in terms of military infrastructure, upon which

future arms programs are to be mounted (where it spends 80 per cent more than the United States). According to the Defense Department, the Soviet military is increasing its share of highly skilled labor, even though more than half its research and development scientists and engineers are already thought to be working on military projects. Their impressive efforts, marshaling increasingly scarce roubles, signal a wish to persist in acquiring larger and more capable military forces. Such activities also propel the Soviet society and economy into additional military endeavors, thereby seeding arms-related institutions and spawning military-oriented activities that, over time, gather a momentum of their own.

Advanced signals and photographic sensors are now able to monitor every major construction activity in the Soviet Union and virtually every major Soviet weapons test. The verification debate that is building up over the SALT II agreement will make many Americans realize that U.S. security depends as much upon strategic intelligence as it does upon the size and nature of U.S. offensive strategic weapons. The Carter administration will be explaining each of the provisions of SALT II in terms of specific American strategic reconnaissance capabilities.

But even strategic reconnaissance, as promising as it now seems, cannot provide the answer to U.S. intelligence needs. Traditionally, presidents have turned to their advisers to answer the unanswerable—the singular solution to a perplexing problem or the definitive analysis of any happening. Woodrow Wilson was extreme in degree, though characteristic in kind, when commanding his advisers aboard the *George Washington* on the way to Versailles: "Tell me what's right to do and I'll do it."

In the vain hope of telling a president "what's right to do," intelligence was centralized by the National Security Act of 1947. The new intelligence system thereby became different from that of Britain, which has at least five separate organizations responsible for intelligence; France, which has four;

and West Germany with three. In contrast, the American structure, headed by a director of central intelligence (DCI), has lumped a veritable array of responsibilities—for paramilitary operations, technological collection, military order-of-battle estimates, and political and economic analysis—into one institutional framework. This consolidation exposes the entire intelligence community to the same political and cultural pressures, and reinforces the tendency of all elements to sway together with the mood of the moment. It has fostered a type of "groupthink" where the pressures for unanimity override individual mental faculties—somewhat analogous to what occurs in a jury room.

U.S. technological superiority in weaponry is swiftly fading.

This problem could be relieved by loosening the 1947 act in order to promote fiercely independent, keenly competitive centers of intelligence collection and analysis. Carter's Executive Order of January 24, 1978, moved in quite the opposite direction. Responsibilities laid on the DCI were specified to include: acting as chief of the CIA itself; exercising full and exclusive authority for approving the CIA's budget, as well as those of all intelligence units in the departments of Defense, State, Treasury, and Energy, and the FBI and Drug Enforcement Administration; and shouldering responsibility for the accuracy and value of all intelligence appraisals. The Carter Executive Order has also assigned dual roles to the CIA's own National Foreign Assessment Center and Directorate for Administration.

The two functions—head of national intelligence in terms of both budget and estimates, and operating chief of the CIA—should be separated. Such a move, which can only be made by Congress, would eliminate considerable confusion. Far more important, it would improve the caliber of reporting by divorcing America's main intelligence chief

from concerns for the immediate agency and its activities. The new, liberated DCI could coordinate all intelligence programs without special responsibility for any one segment. In case of a conflict between the DCI's sense of national intelligence needs and the desires of one agency, the presumption would be that the national perspective would prevail.

Nonetheless, the new DCI should stay clear of the traditional sand trap and not try to coordinate intelligence estimates or analyses. The president should be presented with the conflicting evidence and opposing views that well up from the newly dispersed intelligence network, and the DCI should avoid placing a distinctive stamp on the product. The president must grapple with alternative interpretations of events and the risks and costs of adopting one policy view over another.

The Congress, meanwhile, wrestles with the question of an overall charter for American intelligence. If enacted, such a charter would give Congress a set of responsibilities roughly commensurate with its traditional privileges of ex post facto criticism of intelligence. More important, it would cloak the sundry components of the intelligence community in a robe of congressional and even constitutional legitimacy they presently lack and, in this way, help redeem and justify the intelligence agencies to the public. If sagacious enough to legislate a clear separation between the head of the CIA and the DCI, the charter would go a long way toward improving the quality of U.S. information on foreign activities and intentions.

It is time to reissue Shakespeare's "warnings and portents of evils imminent," as well as prescriptions to avoid them. What the nation requires is national intelligence that is so tough, shrewd, and ruthless that no trend or fashion will ever again screen data or warp perception. What is required is such realistic and icily penetrating national intelligence that no degree of conformity—with the press or with academia or with political fashion—will force such blunders in the future. It is a tall order.